



September 2008

2009 Drought Water Bank

Frequently Asked Questions

What is a drought water bank?

A drought water bank is a program implemented by the Department of Water Resources (DWR) during drought conditions to purchase water from willing sellers, upstream of the Sacramento-San Joaquin Delta, and provide water to water-short water suppliers, usually south of the Delta.

Why is the Water Bank needed?

In June 2008, after two very dry years the Governor declared a statewide drought and proclaimed emergencies in nine California counties related to the drought. In looking forward, 2009 has the potential to be the one of the most severe drought years in California's recorded history. Water supplies in major reservoirs and many groundwater basins are already well below average. Court-ordered restrictions on water deliveries from the Delta have significantly reduced supplies from the state's two largest water systems - the State Water Project (SWP) and the Central Valley Project (CVP). A drought water bank provides DWR a tool to help water suppliers meet needs of their water users, and if conditions in 2009 are again very dry, it will allow DWR to help provide water to those who need it most.

Who will operate the Water Bank?

DWR in cooperation with U.S. Bureau of Reclamation will operate the water bank by working with willing sellers and buyers.

Who sells the water and where will the water come from?

The water for the Water Bank is made available for purchase from willing sellers upstream of the Delta. There are four ways that sellers can make water available to the water bank:

- Reservoir releases above normal operations.
- Groundwater substitution - Using groundwater instead of surface water supplies that are normally used.
- Cropland idling - Not growing a crop (beyond normal fallowing practices) that would have been grown except for the water transfer.
- Crop substitution - Growing a less water-intensive crop than would have been planted except for the water transfer.

Who buys the water and how much water will they get?

Buyers of water are generally south of the Delta but may include interested buyers in the Bay Area and other areas. Interested buyers must inform DWR how much water they would like to buy when they sign up with the water bank. If there is more interest in buying water than there is water available, DWR will allocate water to buyers based on the greatest need.

Who pays for the water?

Water suppliers who participate in the water bank as buyers pay for the water and the administrative costs incurred by DWR to administer the Water Bank program.

Why don't water agencies just buy their own water?

They don't because most of the available water is located upstream of the Delta and buyers must make use of State and Federal water project facilities to move the water to their areas. In addition, DWR is addressing the California Environmental Quality Act (CEQA) and Endangered Species Act (ESA) compliance issues on behalf of the participants in the water bank.

How long will the Water Bank operate?

The Water Bank is planned for one year. However, the continuation of the Water Bank beyond 2009 will be reevaluated based on the amount of snow and rain received during the winter of 2009-2010.

Will certain water buyers be given priority over others? If so, what water uses will be given priority?

Everyone who is interested and capable of receiving water from the Delta either directly or by exchange with other water suppliers who have access to Delta water supplies from the SWP or CVP is invited to participate in the Water Bank. Interested parties are being asked to commit by October 15, 2008 so that DWR knows how much water to purchase for the Water Bank. If conditions are very dry this winter, water that is made available through the Water Bank will be prioritized so that the most important needs are met first. Under critically dry conditions DWR will use the following priorities for allocating water to buyers:

- Health and safety needs, including indoor residential and institutional and emergency uses
- Preservation of high-value assets such as survival of permanent crops (trees and vines), minimum deliveries to commercial and industrial customers
- Deliveries sufficient to meet up to 60 percent of normal urban demands; deliveries sufficient to meet up to 25 percent of normal agricultural demands

In addition, recipients of water from the Water Bank are expected to have and implement an adopted water management plan including appropriate water shortage contingency provisions that will result in a 20 percent reduction in normal urban demand.

Will the state make a profit on the water exchanges that occur?

No, DWR will not make a profit on the Water Bank. The prospective buyers will be expected to pay for the purchase of the water and the administrative costs associated with the water transfer and operation of the Water Bank.

Will DWR hold some of the water in the Water Bank in reserve?

Those water suppliers meeting the needs criteria will obtain water from the Water Bank. Water that is not needed for drought emergencies will be made available to the interested buyers who signed up for the 2009 Drought Water Bank by October 15, 2008.

Won't the sale of water from northern California hurt the economy of the areas where the water comes from?

DWR is imposing protective measures to ensure that areas that sell water to the Water Bank are not adversely impacted by the sale. Some of the protective measures include:

- Critical local water needs must be met before water can be transferred out of the region
- Water transfers cannot harm other legal water users or result in unreasonable adverse effects to fish or wildlife
- The overall economy of the county from which the water is transferred must not be unreasonably affected by the transfer.
- Generally no more than 20 percent of the cropland in any county will be idled due to the sale of water to the Water Bank.